



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2006
OF THE CONDITION AND AFFAIRS OF THE

Premier Behavioral Systems of Tennessee, LLC

NAIC Group Code	0000 (Current Period)	0000 (Prior Period)	NAIC Company Code	00000	Employer's ID Number	62-1641638
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry		Tennessee	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No []					
Incorporated/Organized	05/15/1996		Commenced Business		07/01/1996	
Statutory Home Office	222 Second Ave. N. Suite 220 (Street and Number)		Nashville, TN 37201 (City or Town, State and Zip Code)			
Main Administrative Office	222 Second Ave. N. Suite 220 (Street and Number)		Nashville, TN 37201 (City or Town, State and Zip Code)		615-313-4463 (Area Code) (Telephone Number)	
Mail Address	222 Second Ave. N. Suite 220 (Street and Number or P.O. Box)		Nashville, TN 37201 (City or Town, State and Zip Code)			
Primary Location of Books and Records	222 Second Ave. N. Suite 220 (Street and Number)		Nashville, TN 37201 (City or Town, State and Zip Code)		615-313-4463 (Area Code) (Telephone Number)	
Internet Website Address	N/A					
Statutory Statement Contact	Michael Fotinos (Name)		410-953-1643 (Area Code) (Telephone Number) (Extension)			
	mdfotinos@magellanhealth.com (E-mail Address)		410-953-5205 (FAX Number)			
Policyowner Relations Contact						

OFFICERS

Name	Title	Name	Title
Russell C. Petrella	President		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Russell C. Petrella	William R. Grimm	Rene Lerer
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State of Connecticut
County of Hartford ss Avon

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Russell C. Petrella
Russell C. Petrella
President

William R. Grimm
William R. Grimm
Director

a. Is this an original filing? Yes [X] No []

b. If no,
1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

Subscribed and sworn to before me this 13th day of November 2006

Raymonde A. Pelletier

RAYMONDE A. PELLETIER
NOTARY PUBLIC
MY COMMISSION EXPIRES AUG. 31, 2008



ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	3,303,646		3,303,646	3,315,783
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$33,787,024), cash equivalents (\$0) and short-term investments (\$0)	33,787,024		33,787,024	29,693,755
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	37,090,670	0	37,090,670	33,009,538
11. Title plants less \$charged off (for Title insurers only)			0	0
12. Investment income due and accrued	28,277		28,277	28,158
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	3,502,718		3,502,718	6,568,262
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets (\$)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	1,011,220	521,656	489,564	0
22. Health care (\$) and other amounts receivable			0	0
23. Aggregate write-ins for other than invested assets	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	41,632,885	521,656	41,111,229	39,605,958
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	41,632,885	521,656	41,111,229	39,605,958
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Risk Share Receivable.....			0	0
2302. ASO Receivable.....			0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	12,202,870		12,202,870	25,731,403
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses			0	0
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	2,120		2,120	91,506
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	909,558		909,558	768,586
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	6,959,158	0	6,959,158	1,947,395
22. Total liabilities (Lines 1 to 21)	20,073,706	0	20,073,706	28,538,890
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX		0
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	23,245,279	23,245,279
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	(2,207,756)	(12,178,211)
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24) \$)	XXX	XXX		0
30.2 shares preferred (value included in Line 25) \$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	21,037,523	11,067,068
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	41,111,229	39,605,958
DETAILS OF WRITE-INS				
2101. Premium Tax Payable	1,068,432		1,068,432	1,149,299
2102. Risk Share Payable	5,720,741		5,720,741	571,398
2103. Stale Check Liability	169,985		169,985	226,698
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	6,959,158	0	6,959,158	1,947,395
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	5,444,222	5,635,567
2. Net premium income (including \$ non-health premium income).....	XXX	168,423,535	167,827,878
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	(6,155,223)	(2,331,701)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	162,268,312	165,496,177
Hospital and Medical:			
9. Hospital/medical benefits		65,649,382	73,836,718
10. Other professional services		66,058,492	72,277,051
11. Outside referrals			0
12. Emergency room and out-of-area			0
13. Prescription drugs			0
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	131,707,874	146,113,769
Less:			
17. Net reinsurance recoveries			0
18. Total hospital and medical (Lines 16 minus 17)	0	131,707,874	146,113,769
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$ cost containment expenses.....		1,684,235	1,678,469
21. General administrative expenses.....		17,566,162	18,116,476
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only).....			0
23. Total underwriting deductions (Lines 18 through 22)	0	150,958,271	165,908,714
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	11,310,041	(412,537)
25. Net investment income earned		1,482,070	412,537
26. Net realized capital gains (losses) less capital gains tax of \$			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	1,482,070	412,537
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	12,792,111	0
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	12,792,111	0
DETAILS OF WRITE-INS			
0601. Risk Share Revenue.....	XXX	(6,155,223)	(2,331,701)
0602. ASO Revenue.....	XXX		0
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	(6,155,223)	(2,331,701)
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	11,067,068	11,064,371	11,064,371
34. Net income or (loss) from Line 32	12,792,111	0	0
35. Change in valuation basis of aggregate policy and claim reserves		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0	0
37. Change in net unrealized foreign exchange capital gain or (loss)		0	0
38. Change in net deferred income tax		0	0
39. Change in nonadmitted assets	(521,656)	(539,434)	2,697
40. Change in unauthorized reinsurance	0	0	0
41. Change in treasury stock		0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles		0	0
44. Capital Changes:			
44.1 Paid in		0	0
44.2 Transferred from surplus (Stock Dividend)		0	0
44.3 Transferred to surplus		0	0
45. Surplus adjustments:			
45.1 Paid in		0	0
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital		0	0
46. Dividends to stockholders	(2,300,000)	0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital & surplus (Lines 34 to 47)	9,970,455	(539,434)	2,697
49. Capital and surplus end of reporting period (Line 33 plus 48)	21,037,523	10,524,937	11,067,068
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0	0

Premier Behavioral Health of TN, LLC.
BHO TennCare Operations Statement of Revenue and Expenses
For the Quarter Ending September 30, 2006
Report 2A

	Current Quarter Total	Year to Date Total
Member Months	1,838,946	5,444,222
Revenues		
TennCare Capitation	57,845,112	168,423,535
Risk Share Revenue	(3,431,433)	(6,155,223)
ASO Revenue	0	0
Investment (Interest)	570,020	1,482,070
Other Revenues	0	0
Total Revenues	54,983,699	163,750,382
Expenses		
Mental Health & Substance Services		
Inpatient Psychiatric Facility services	12,973,177	38,542,008
Inpatient Substance Abuse Treatment and Detox	709,494	2,123,082
Outpatient Mental Health Services	3,879,182	28,486,416
Outpatient Substance Abuse Treatment and Detox	233,626	1,715,649
Housing/Residential Treatment	5,888,699	15,129,022
Specialized Crisis Services	7,977,111	12,425,603
Psychiatric Rehab and Support Services	2,661,076	4,145,043
Case Management	6,400,896	23,929,716
Forensics		
Other Judicial		
Pharmacy		
Lab Services	27,584	232,096
Transportation	1,715,664	4,979,237
Medical Incentive Pool and Withhold Adjustments		
Occupancy, Depreciation and Amortization	0	0
Other Mental Health and Substance Abuse Services	0	0
PCP and Specialists Services		
Subtotal	42,466,510	131,707,873
Reinsurance Expense Net of Recoveries		
Less:		
Copayments		
Subrogation		
Coordination of Benefits		
Subtotal		
Total Medical and Substance Abuse	42,466,510	131,707,873
Claim Adjustment Expense	578,451	1,684,235
Administration ¹		
Rent	65,320	193,746
Salaries and Wages	2,703,074	8,017,548
Contributions for benefit plans for employees		
Payments to employees under non-funded benefit plans		
Other employee welfare	15,594	46,253
Legal fees and expenses	44,381	131,639
Medical examination fees		
Utilization management		
Certifications and accreditation	2	5
Auditing, actuarial and other consulting services	241,152	716,667
Traveling expenses	79,868	236,235
Marketing and advertising	70,069	207,830
Postage, express, telegraph and telephone	129,400	383,811
Printing and stationary	169,841	510,936
Occupancy, depreciation and amortization	1,176,167	3,488,612
Rental of equipment	2,849	8,452
Outsourced services includes EDP, claims, and other services	58,547	173,656
Books and periodicals		
Boards, bureaus and association fees	17,107	50,739
Insurance, except on real estate	1	2
Collection and bank service charges	22,512	66,536
Group service and administration fees		
Reimbursements from fiscal intermediaries		
Real estate expenses	1,194	3,540
Real estate taxes		
Bad Debt Expense		
Taxes, licenses and fees:		
State and local insurance taxes		
State premium taxes	1,087,054	3,244,146
Insurance department licenses and fees		
Payroll taxes		
Other (excluding federal income and real estate taxes)	33,965	85,808
Investment expenses not included elsewhere		
Total Administrative Expenses	5,918,096	17,566,162
Total Expenses	48,963,057	150,958,271
Net Income (Loss)	6,020,643	12,792,111

¹ The ASO fee Administration expense breakout is assumed based upon current sub-contractor's expenses.

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	170,483,199	224,838,700
2. Net investment income	1,494,088	746,465
3. Miscellaneous income	0	0
4. Total (Lines 1 to 3)	171,977,287	225,585,165
5. Benefits and loss related payments	146,920,641	189,005,562
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	18,663,377	21,750,806
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	165,584,018	210,756,368
11. Net cash from operations (Line 4 minus Line 10)	6,393,269	14,828,797
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	3,320,000
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	3,320,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	3,288,925
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	3,288,925
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	0	31,075
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	2,300,000	0
16.6 Other cash provided (applied).....	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(2,300,000)	0
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Lines 15 and 17)	4,093,269	14,859,872
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	29,693,755	14,833,883
19.2 End of period (Line 18 plus Line 19.1)	33,787,024	29,693,755

Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001. Conversion of debt to equity.....	0	0
20.0002. Assets acquired by assuming directly related liabilities.....	0	0
20.0003. Exchange of non-cash assets or liabilities.....	0	0

STATEMENT AS OF SEPTEMBER 30, 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	589,687	0	0	0	0	0	0	0	589,687	0	0	0	0
2 First Quarter	595,114	0	0	0	0	0	0	0	595,114	0	0	0	0
3 Second Quarter	595,314	0	0	0	0	0	0	0	595,314	0	0	0	0
4. Third Quarter	610,798								610,798				
5. Current Year	0												
6 Current Year Member Months	5,444,222								5,444,222				
Total Member Ambulatory Encounters for Period:													
7. Physician	39,839								39,839				
8. Non-Physician	199,776								199,776				
9. Total	239,615	0	0	0	0	0	0	0	239,615	0	0	0	0
10. Hospital Patient Days Incurred	38,010								38,010				
11. Number of Inpatient Admissions	3,091								3,091				
12. Health Premiums Written	168,423,535								168,423,535				
13. Life Premiums Direct	0												
14. Property/Casualty Premiums Written	0												
15. Health Premiums Earned	168,423,535								168,423,535				
16. Property/Casualty Premiums Earned	0												
17. Amount Paid for Provision of Health Care Services	145,236,407								145,236,407				
18. Amount Incurred for Provision of Health Care Services	131,707,874								131,707,874				

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

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UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical) .....					.0	.0
2. Medicare Supplement .....					.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid	25,699,981	119,536,426	877,160	11,325,710	26,577,141	25,731,403
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	25,699,981	119,536,426	877,160	11,325,710	26,577,141	25,731,403
10. Healthcare receivables (a) .....					.0	.0
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts .....					.0	.0
13. Totals	25,699,981	119,536,426	877,160	11,325,710	26,577,141	25,731,403

(a) Excludes \$ loans and advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

- A. Accounting Practices – The accompanying financial statements of Premier Behavioral Systems of Tennessee, LLC (the “Company” or “Premier”) have been prepared in conformity with the National Association of Insurance Commissioners (NAIC) Annual Statement Instructions, the NAIC Accounting Practices and Procedures Manual and the accounting practices prescribed or permitted by the State of Tennessee Department of Commerce and Insurance, which represents a comprehensive basis of accounting other than generally accepted accounting principles (GAAP).
- B. Use of Estimates in the Preparation of the Financial Statements – No significant change.
- C. Accounting Policy – No significant change.

Note 2 - Accounting Changes and Corrections of Errors

- A. Material changes in accounting principles and/or correction of errors - No significant change.

Note 3 - Business Combinations and Goodwill

- A. Statutory Purchase Method - No significant change.
- B. Statutory Merger - No significant change.
- C. Assumption Reinsurance - No significant change.
- D. Impairment Loss - No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

- A. Mortgage Loan, including Mezzanine Real Estate Loans - No significant change.
- B. Debt Restructuring – No significant change.
- C. Reverse Mortgages – No significant change.
- D. Loan Backed Securities – No significant change.
- E. Repurchase Agreements – No significant change.
- F. Real Estate – No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

- A. Investments in Joint Ventures, Partnerships, and Limited Liability Companies that exceed 10% of the admitted assets of the insurer - No significant change.
- B. Impaired Investments in Joint Ventures, Partnerships, and Limited Liability Companies – No significant change.

Note 7 - Investment Income

- A. Bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued - No significant change.
- B. The total amount excluded was \$0.

Note 8 - Derivative Instruments

- A. Market risk, credit risk and cash requirements of the derivative - No significant change.
- B. Objectives for using derivatives – No significant change.
- C. Accounting policies for recognizing and measuring derivatives used – No significant change.
- D. Net gain or loss recognized in unrealized gains and losses during the reporting period representing the component of the derivative instruments gain of loss – No significant change.
- E. Net gain or loss recognized in unrealized gains and losses during the reporting period resulting from derivatives that no longer qualify for hedge accounting – No significant change.
- F. Derivatives accounted for as cash flow hedges of a forecasted transaction – No significant change.

Note 9 - Income Taxes

- A. Components of the net deferred tax asset or deferred tax liability – No significant change.
- B. Deferred tax liabilities that are not recognized - No significant change
- C. Components of current income taxes incurred – No significant change.
- D. Significant book to tax adjustments - No significant change
- E.
 - 1. Amounts, origination dates and expiration dates of operating loss and tax credit carry forward amounts available for tax purposes – No significant change.
 - 2. Amount of federal income taxes incurred in current year that are available for recoupment in the even of future net loss – No significant change.

NOTES TO FINANCIAL STATEMENTS

- F. Consolidated federal income tax – No significant change.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. Nature of relationship - On April 11, 2006, Premier Holdings, Inc, purchased Columbia Behavioral Health, LLC's fifty percent ownership interest in the Company. As of April 1, 2006, Premier Holdings, ultimately a fully owed subsidiary of Magellan Health Services, has full ownership interest in the Company. The transaction was approved by the Department of Commerce and Insurance.
- B. Description of transactions – No significant change.
- C. Dollar amount of transactions – The Company paid \$15,410,118 in management fees to the parent for the nine month ended September 30, 2006. In addition, the Company paid the parent company a dividend of \$2,300,000 on April 13, 2006.
- D. Amounts due to/from related parties – Balances as of September 30, 2006
 - a. Due from TBH - \$1,011,220
 - b. Due to Advocare – (\$241,532)
 - c. Due to Magellan – (\$668,027)
- E. Guarantees or undertakings for benefit of affiliate – No significant change
- F. Material management or service contracts and cost sharing arrangements with related parties – No significant change.
- G. Common ownership or control – No significant change.
- H. No significant change
- I. Investment in SCA that exceeds 10% - No significant change.
- J. Investments in impaired SCA entities – No significant change.
- K. Investment in a foreign insurance subsidiary – No significant change.

Note 11 - Debt

No significant change.

Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan - No significant change.
- B. Defined Contribution Plans – No significant change.
- C. Multiemployer Plan – No significant change.
- D. Consolidated/Holding Company plans – No significant change
- E. Post-employment Benefits and Compensated Absences – No significant change.

Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) – (10) No significant change.

Note 14 - Contingencies

- A. Contingent Commitments - No significant change.
- B. Assessments – No significant change.
- C. Gain contingencies – No significant change.
- D. All Other contingencies – No significant change.

Note 15 - Leases

- A. Lessee Operating Lease - No significant change.
- B. Lessor Leases and Leveraged Leases – No significant change.

Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No significant change.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables reported as Sales - No significant change.
- B. Transfer and Servicing of Financial Assets – No significant change
- C. Wash Sales – The Company has not engaged in any Wash Sales during the current calendar year.

Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

- A. ASO Plans - No significant change.
- B. ASC Plans – No significant change.

NOTES TO FINANCIAL STATEMENTS

- C. Medicare of Similarly Structured Cost Based Reimbursement contract – No significant change.

Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No significant change.

Note 20 - September 11 Events

No significant change.

Note 21 - Other Items

- A. Extraordinary items - No significant change.
- B. Troubled Debt Restructuring: Debtor - No significant change.
- C. Other Disclosures –
 - a. On July 26, 2006, TennCare announced the managed care organizations which were awarded the contracts to provide integrated behavioral and physical health services in the Middle Region of the State. Since the Company was not a party to either of the contract awards, effective April 1, 2007, the Company will cease providing services to TennCare members in the Middle region.
 - b. In August 2006, the Company remitted \$15 million in reinvestment funds to the State.
- D. Uncollectible balance for assets covered under SSAP No. 6, SSAP No. 47, and SSAP No. 66 – No significant change
- E. Business Interruption Insurance Recoveries – No significant change.
- F. Additional disclosures for Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Plans – No significant change.

Note 22 - Events Subsequent

None

Note 23 - Reinsurance

- A. Ceded Reinsurance Report - No significant change.
- B. Uncollectible Reinsurance – No significant change
- C. Commutation of Ceded Reinsurance – No significant change.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. Method used by the reporting entity to estimate accrued retrospective premium adjustments - No significant change.
- B. Amount of net premiums that are subject to retrospective rating features – No significant change.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

No significant change.

Note 26 - Intercompany Pooling Arrangements

No significant change.

Note 27 - Structured Settlements

No significant change.

Note 28 - Health Care Receivables

- A. Pharmaceutical Rebate Receivables - No significant change.
- B. Risk Sharing Receivables – No significant change.

Note 29 - Participating Policies

- A. Relative percentage of participating insurance - No significant change.
- B. Method of accounting for policyholder dividends – No significant change
- C. Amount of dividends – No significant change.
- D. Amount of any additional income allocated to participating policyholders – No significant change.

Note 30 - Premium Deficiency Reserves

NOTES TO FINANCIAL STATEMENTS

No significant change.

Note 31 - Anticipated Salvage and Subrogation

No significant change.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [☐] No [X]
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes [☐] No [☐]
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [☐] No [X]
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes [☐] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [☐] No [X]
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

If yes, attach an explanation.

Yes [☐] No [☐] NA [X]
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

06/30/2004
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

06/30/2004
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

08/26/2005
- 6.4

By what department or departments?
Tennessee Department of Commerce and Insurance.....
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?.....

Yes [☐] No [X]
- 7.2

If yes, give full information:
.....
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?.....

Yes [☐] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes [☐] No [X]
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

FINANCIAL

- 9.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes ☒ No ☐
- 9.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$489,564

INVESTMENT

- 10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes ☐ No ☒
- 10.2 If yes, explain:
.....

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes ☐ No ☒
- 11.2 If yes, give full and complete information relating thereto:
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:\$

13. Amount of real estate and mortgages held in short-term investments:\$

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes ☐ No ☒
- 14.2 If yes, please complete the following:

		1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Statement Value
14.21 Bonds .....	\$	.....	\$ .....0
14.22 Preferred Stock .....	\$	.....	\$ .....
14.23 Common Stock .....	\$	.....	\$ .....
14.24 Short-Term Investments .....	\$	.....	\$ .....
14.25 Mortgage Loans on Real Estate .....	\$	.....	\$ .....
14.26 All Other .....	\$	.....	\$ .....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$	.....0	\$0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$	.....	\$ .....

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes ☐ No ☒
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ☐ No ☐

If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes ☒ No ☐
- 16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
U.S. Bank.....	150 4th Avenue, 2nd Floor, Nashville, TN 37219.....

- 16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? Yes ☐ No ☒
- 16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

- 16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

- 17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes ☒ No ☐
- 17.2 If no, list exceptions:
.....

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Increase (decrease) by adjustment		0
3. Cost of acquired		0
4. Cost of additions to and permanent improvements		0
5. Total profit (loss) on sales		0
6. Increase (decrease) by foreign exchange adjustment		0
7. Amount received on sales		0
8. Book/adjusted carrying value at end of current period	0	0
9. Total valuation allowance		0
10. Subtotal (Lines 8 plus 9)	0	0
11. Total nonadmitted amounts		0
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
NONE		
1. Book value/recorded investment excluding accrued interest on mortgages owned, September 30 of prior year	0	0
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount and mortgage interest points and commitment fees		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	0	0

SCHEDULE BA – VERIFICATION

Other Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value of long-term invested assets owned December 31 of prior year	0	0
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book/adjusted carrying value of long-term invested assets at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	3,315,783	3,321,856
2. Cost of bonds and stocks acquired	2,993,433	3,288,925
3. Accrual of discount	14,338	26,861
4. Increase (decrease) by adjustment	141	0
5. Increase (decrease) by foreign exchange adjustment		0
6. Total profit (loss) on disposal		0
7. Consideration for bonds and stocks disposed of	3,020,000	3,320,000
8. Amortization of premium	49	1,859
9. Book/adjusted carrying value, current period	3,303,646	3,315,783
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	3,303,646	3,315,783
12. Total nonadmitted amounts		0
13. Statement value	3,303,646	3,315,783

STATEMENT AS OF SEPTEMBER 30, 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	3,299,754			3,892	3,295,367	3,299,754	3,303,646	3,315,783
2. Class 2 .....	.0				.0	.0	.0	.0
3. Class 3 .....	.0				.0	.0	.0	.0
4. Class 4 .....	.0				.0	.0	.0	.0
5. Class 5 .....	.0				.0	.0	.0	.0
6. Class 6	0				0	0	0	0
7. Total Bonds	3,299,754	0	0	3,892	3,295,367	3,299,754	3,303,646	3,315,783
PREFERRED STOCK								
8. Class 1 .....	.0				.0	.0	.0	.0
9. Class 2 .....	.0				.0	.0	.0	.0
10. Class 3 .....	.0				.0	.0	.0	.0
11. Class 4 .....	.0				.0	.0	.0	.0
12. Class 5 .....	.0				.0	.0	.0	.0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	3,299,754	0	0	3,892	3,295,367	3,299,754	3,303,646	3,315,783

Schedule DA - Part 1
NONE

Schedule DA - Part 2
NONE

Schedule DB - Part F - Section 1
NONE

Schedule DB - Part F - Section 2
NONE

Schedule S
NONE

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories									
States, Etc.	1	2	Direct Business Only Year-to-Date						
			3	4	5	6	7	8	
	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/ Casualty Premiums	
1. Alabama	AL	No							
2. Alaska	AK	No							
3. Arizona	AZ	No							
4. Arkansas	AR	No							
5. California	CA	No							
6. Colorado	CO	No							
7. Connecticut	CT	No							
8. Delaware	DE	No							
9. District of Columbia	DC	No							
10. Florida	FL	No							
11. Georgia	GA	No							
12. Hawaii	HI	No							
13. Idaho	ID	No							
14. Illinois	IL	No							
15. Indiana	IN	No							
16. Iowa	IA	No							
17. Kansas	KS	No							
18. Kentucky	KY	No							
19. Louisiana	LA	No							
20. Maine	ME	No							
21. Maryland	MD	No							
22. Massachusetts	MA	No							
23. Michigan	MI	No							
24. Minnesota	MN	No							
25. Mississippi	MS	No							
26. Missouri	MO	No							
27. Montana	MT	No							
28. Nebraska	NE	No							
29. Nevada	NV	No							
30. New Hampshire	NH	No							
31. New Jersey	NJ	No							
32. New Mexico	NM	No							
33. New York	NY	No							
34. North Carolina	NC	No							
35. North Dakota	ND	No							
36. Ohio	OH	No							
37. Oklahoma	OK	No							
38. Oregon	OR	No							
39. Pennsylvania	PA	No							
40. Rhode Island	RI	No							
41. South Carolina	SC	No							
42. South Dakota	SD	No							
43. Tennessee	TN	Yes			168,423,535				
44. Texas	TX	No							
45. Utah	UT	No							
46. Vermont	VT	No							
47. Virginia	VA	No							
48. Washington	WA	No							
49. West Virginia	WV	No							
50. Wisconsin	WI	No							
51. Wyoming	WY	No							
52. American Samoa	AS	No							
53. Guam	GU	No							
54. Puerto Rico	PR	No							
55. U.S. Virgin Islands	VI	No							
56. Northern Mariana Islands	MP								
57. Canada	CN	No							
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0
59. Subtotal		XXX	0	0	168,423,535	0	0	0	0
60. Reporting entity contributions for Employee Benefit Plans		XXX							
61. Total (Direct Business)		(a) 1	0	0	168,423,535	0	0	0	0
DETAILS OF WRITE-INS									
5801.									
5802.									
5803.									
5898. Summary of remaining write-ins for Line 58 from overflow page			0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)			0	0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and other Alien.

Schedule Y - Part 1

NONE

OVERFLOW PAGE FOR WRITE-INS

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

STATEMENT AS OF SEPTEMBER 30, 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE E - PART 2 CASH EQUIVALENTS

Showing Investments Owned End of Current Quarter

1 CUSIP Identification	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due and Accrued	9 Gross Investment Income
NONE								
0199999 Total Cash Equivalents								

Statement as of September 30, 2006 of the Premier Behavioral Systems of TN, LLC

Accident and Health Premiums Due and Unpaid

Individually list all debtors with account balances the greater of 10% of gross Premiums Receivables or \$5,000

Name of Debtor		1	2	3	4	5	6
	Not Currently Due	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Nonadmitted	Admitted
INDIVIDUALLY LIST ASSETS							
State of Tennessee	-	2,553,802	436,153	165,697	347,066	-	3,502,718
							-
Subtotal- Individually Listed Receivables 0199999	-	2,553,802	436,153	165,697	347,066	-	3,502,718
Subtotal- Receivables not Individually Listed 0299999							
Subtotal- Gross Premium Receivable 0399999	-	2,553,802	436,153	165,697	347,066	-	3,502,718
Less- Allowance for Doubtful Accounts 0499999							
Total Premiums Receivable (Page 2, Line 12.1) 0599999	-	2,553,802	436,153	165,697	347,066	-	3,502,718

Statement as of September 30, 2006 of the Premier Behavioral Systems of TN, LLC

HEALTH CARE RECEIVABLES

Individually list all debtors with account balances greater of 10% of gross Health Care Receivables of \$5,000.

	1	2	3	4	5	6
Name of Debtor	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Nonadmitted	Admitted
	-					-
0199999 Individually Listed Receivables	-	-	-	-	-	-
0299999 Receivables Not Individually Listed						
0399999 Gross Health Care Receivable	-	-	-	-	-	-
0499999 Less Allowance for Doubtful Accounts						
0599999 Health Care Receivables (Page 2, Line 21)				-	-	-

Statement as of September 30, 2006 of the Premier Behavioral Systems of TN, LLC

Amounts due from Parent, Subsidiaries and Affiliates

Name of Debtor	1	2	3	4	5	Admitted	
	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Nonadmitted	6 Current	7 Non-Current
Tennessee Behavioral Health	-	-	489,564	521,656	521,656	489,564	-
		-	489,564			489,564	-
0199999 Gross Amounts Due from Affiliates	-	-	489,564	521,656	521,656	489,564	-
0399999 Amounts Due from Affiliates	-	-			521,656	489,564	-

Statement as of September 30, 2006 of the Premier Behavioral Systems of TN, LLC

Amounts due to Parent, Subsidiaries and Affiliates

	1	2	2	4
Name of Creditor	Description	Amount	Current	Non-Current
Magellan Health Services		668,027	668,027	-
Advocare of Tennessee		241,531	241,531	-
		909,558	909,558	-
0199999 Gross Amounts Due to Affiliates	-	909,558	909,558	-
0399999 Amounts Due to Affiliates	-	909,558	909,558	-